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Civiletti Withheld Reports On Billy for Two Months

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Attorney General Benjamin R. Civiletti acknowledged yesterday that he saw "highly sensitive" intelligence reports in April that the Libyan government might be preparing to transfer money to Billy Carter, but withheld the information from his investigations for nearly two months.

Civiletti said in a statement that he told Philip B. Heymann, head of the Criminal Division, that he was privy to some unspecified intelligence information, and, warned Heymann not to close the Billy Carter case. But he did not tell Heymann or the investigators working under him about the possibility of payments. He said this was because he did not want to risk compromising the intelligence source or aborting the payment.

It was not until the end of May that the investigators on the case learned, apparently independently, that Billy Carter had received payments from Libya. On June 11, he acknowledged receiving \$220,000 as a loan, and he registered as a foreign agent on July 14.

Civiletti's statement did not explain why he could not entrust the contents of the intelligence reports to his own prosecutors, who have clearances to handle the highest classified intelligence documents.

In fact, the foreign agent investigation was conducted by a unit of the internal security section, which handles all of the department's spy cases. "There's no good reason for not passing that on to his own people," one intelligence expert said. "Giving it to them would hardly be disclosing or compromising a source."

Another source familiar with the circumstances of the case, however, noted that Civiletti had been told that the intelligence source in question was so sensitive that its disclosure could be dangerous. This indicates that the source may have been an agent, rather than an intercepted cable from the National Security Agency or a telephone conversation tapped by FBI counterintelligence experts.

Department investigators already were seeking evidence of payments, so the new information was not even particularly useful, the source added. "Maybe he was overly cautious in not passing the contents of the reports on to his own people, but it was

his decision and he'll stick with it," the source said.

Civiletti already is under investigation by his own internal investigators for his conduct in the case, and the department's Office of Professional Responsibility is expected to add his handling of the intelligence information to its task.

Civiletti came under criticism 10 days ago, when he acknowledged, after repeated earlier denials, that he had discussed the Billy Carter case with the president. That discussion was on June 17, after his investigators finally had verified the payments in their interview with Billy Carter.

Civiletti had complained to reporters on May 29 about the slowness of the Billy Carter investigation. This was more than a month after he knew of the intelligence reports but decided not to pass them on to his own staff.

Sen. Birch Bayh (D-Ind.), chairman of the Senate subcommittee investigating the Billy Carter case, said yesterday that he had reviewed the intelligence documents and understood that Civiletti "handled the information the way he was urged to handle it by an individual in the intelligence community." The attorney general was told "in the strongest possible terms" not to pass it on, he said.

Bayh, who also is head of the Senate Intelligence Committee, said it is not unusual for intelligence reports to be considered "unusable," and that it appeared to him that Civiletti "responded properly."

Civiletti acknowledged through a spokesman that the unspecified intelligence agency did not ask him to keep the material from his staff, but said that it was "very sensitive . . . and important that the source not be compromised."

The first public reference to the April intelligence information about the possible payments to Billy Carter came in the lengthy reports on the case that the president sent to the Senate subcommittee Monday.

It said the head of a U.S. intelligence organization "provided this in-

formation directly to the Department of Justice and only to the Department of Justice. We have been assured by the head of this organization that this intelligence information was not furnished to the president or to anyone on the White House staff."

In yesterday's statement, Civiletti said he plans to include a detailed statement of his knowledge of the Libyan payments to Billy Carter in his testimony before the Bayh subcommittee. He also repeated earlier statements that he was confident that the entire matter "was handled independently and properly" by the department.

Civiletti said he first saw information about possible Libyan payments to Billy Carter "from a confidential, lawful intelligence source indicating that a transfer of money might be made by the Libyan government to Billy Carter. The information did not indicate that the money had been requested by Billy Carter; nor did it indicate any undertaking by Billy Carter as consideration for the payment."

"Since it was important that the source not be revealed and since it was unclear whether any transaction would in fact take place, I made the decision to await developments before disclosing the intelligence information."

"My two most basic concerns were that in the absence of other sources any disclosure of the information could compromise the intelligence source; and second, I did not wish to abort the transaction, which might constitute substantial evidence of a duty to register" under the foreign agents act.

"I believed that if we waited the transaction might be completed and the department would learn of the actual transfer of funds, which would enable the Criminal Division to proceed without the risk of identifying an important intelligence source," Civiletti added.

When the investigators learned of the payments from "multiple sources" at the end of May, he said, he asked that the intelligence documents be given to the department, and they were.